## **Employer Investment in Health** An Emerging Strategy For Additional Stakeholders

David Hom Pitney Bowes July 25, 2007

## **About Pitney Bowes**

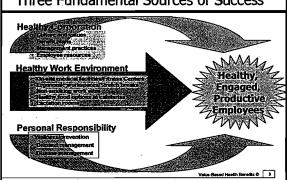


- 80-plus year legacy
- Fortune 500 company
- \$5.6 billion global provider of integrated mail and document management solutions
- Global team of more than 35,000 employees
- Presence in more than 130 countries worldwide
- · More than 2 million customers

· As business model moved from products to services, workforce changed -

driving change in strategic thinking about health care

## Three Fundamental Sources of Success



## **Total Value Total Return**

by Jack Mahoney, MD and David Hom

Seven Rules for Optimizing Employee Health Benefits for a Healthier and More Productive Workforce

Rule 1: The Health of Your Organization Begins with Your People

Rule 2: To Realize Total Value, You Must Understand Total Cost

Rule 3: Higher Costs Don't Always Mean Higher Value

Rule 4: Health Begins and Ends With the Individual

Rule 5: Avoid Barriers to Effective Treatment

Rule 6: Carrots Are Valued Over Sticks

Rule 7: Total Value Demands Total Teamwork

Makes Broad Marks Broads &

## Pitney Bowes Populations

Rule 1: The Health of You Organization Begins with Your People

	Mailstream Solutions	Enterprise Solutions
Business	Meters, Postage	Outsourced Malirooms
	Financial Services	Document Management Document Factories
US Population	9,000	14,000
Average Age	42	39
Service	10.6	4

	Vhat					
		r poi				
	By I					
	By a					
	loca					
	By \					
	Ву в					
2.0						0075 CT
-833	200000	Company of the Company		2002	100000	2000
1,3232	ALC: NO	~ 11 11 1	amilid	y to	Service Services	522.742
1993	യെപ്പ	UUIIIU	2DIN	A 20 1 1 1 2 2	SU-1 C (8	2000000
158	CSC HOLOGO	OUR MANNEYER	CONTRACTOR OF THE PARTY OF	TAX COMMON TO	500000 V 30	0.0002
1,000	St. 24, 30, 50, C	K Secondary S	*** ****	30%	CONTRACTOR OF THE PARTY OF THE	70.00SB
32%	«топ	ipan	7-2-2-3	6733533	CHARLES	S 100 2
1500	التندي	ıvalı:	FXXXX9	3 9300 (534)	60 CONT. S. C. C.	200/200

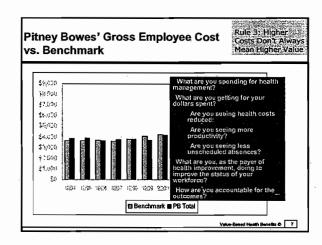
Value-Based Health Benefits © 6

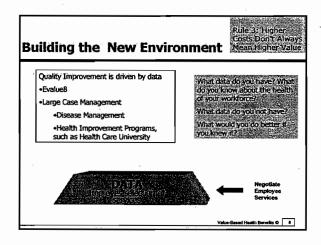
## **Employee Integrated Health Database**

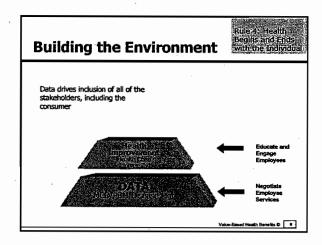
Rule 2: To Realize Total Value, You Must Understand Total Cost

- Health Care Costs
- Medical, Rx, Behavioral Health
- Chronic disease risk scores
- · Workers' Compensation and Disability:
- Incidence rates, lost time, costs
- Medical Clinics:
- Utilization, customer satisfaction, clinical outcomes from program interventions (impact on presenteeism)
- Health Care University (HCU):
- Participation, risk factors & behaviors vs. established norms / targets
- HR Demographics and programs:
- Impact of workfille programs on productivity - Employee engagement survey results
- Perception survey

What do you know about your	
population health costs?	
By direct medical daims?	
<ul> <li>By indirect claims?</li> </ul>	
. Can you correlate the indirect	
daims to the direct medical/R	
daims?	
<ul> <li>By ages/gender/ locations</li> </ul>	
<ul> <li>Do you have programs in place</li> </ul>	
to manage health status?	
How are you measuring	
success?	
<ul> <li>Are you using engagemen</li> </ul>	
surveys to determine use o	







## **Data Drives Decisions**

Rule 5: Avoid Barriers to Effective Treatment

- On-site Clinics at 7 locations staffed with Physicians and Nurse Practitioners to provide primary care services to employees.
  - 35000+ patient encounters per year
- In-house Disability unit focus on short and long term disability absences along with paid time off
- Focused Disease Management with employee opt-in
  - separate from the health plans
  - telephonic support

What does your data tell you about unintended risks and barriers to effective treatment?

What do you need to do to remove the barners?

Who can help you?

Value-Based Health Benefits © 16

## **Data-Driven Plan Designs**

Rule 5: Avoid Barriers to Effective Treatment

- Preventive Services
- Low cost or no cost
- Routine Services
  - First dollar coverage: <u>No deductibles</u> for routine services
- Major Services
  - Choice of deductible and coinsurance maximums
- Revise formulary to support strategic goal
  - Medications for target conditions on Tier 1
  - Pre-Deductible for CDHP plans

What changes can you implement at your works to that changes can you implement through megotations with your plans and providers?

How can you use your current resources better?

What new ideas for products and services can you develop and model?

What additional help will you meet? From whom?

Value-Based Health Senetts © 11

# Building the Environment Target Direct Delivery for High Cost Drivers Create Incentives for Change Educate and Engage Employee Employee Employee Services Trend Direct Delivery for High Cost Drivers Create Incentives for Change Educate and Engage Employees Employee Services

,	
	. 1
	<del></del> -

## Consumer Access, Affordability, and Behavior Change

Rule 6: Carrots Are Valued Over Sticks

## Consumer Impact

- 50% to 80% reduction in employee cost of 30 day supply of medications for asthma and diabetes.
  - No generic controller medications for asthma
     Limited generic medications for diabetes
- Employee co-pay for 30 day supply for asthma and diabetic medications kept below \$20.

## **Behavior Change**

- Marked changes in medication utilization for both asthma and diabetes
- Types of medication used produced better outcomes, reduced costs
- Drug Possession rates improved
- improved engagement and compliance with disease management programs

How are you measuring success? How often do you measure it? measure it?

Who else is invested in
your successful population
health management?

How are your employees
encaged in managing
their health?

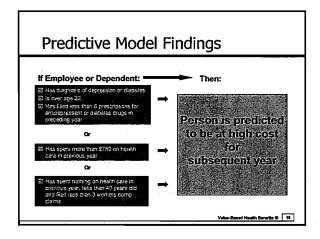
How do they manage
success?

## Rule 7; Total Value Demands Total ; Teamwork Create an Accountable Environment

## A New Approach Using Predictive Modeling

- Hybrid artificial intelligence
- · Population-based factors associated with migration from "normal" to "high cost"
- Total cost of health approach
  - Medical claims
  - Pharmacy
  - Behavioral health
  - Disability
  - Absenteelsm
  - Workers Comp

Value-Based Health Benefits © 15

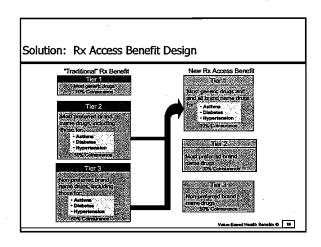


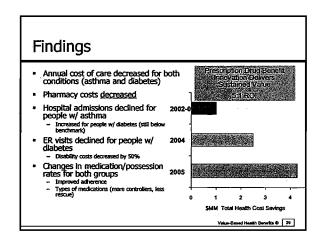
## Population-Specific Data Yields New Findings: Key Predictors for High Cost Claims

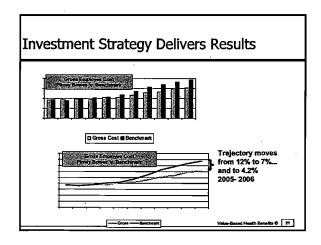
- Chronic diseases
  - Asthma
  - Diabetes
  - Cardiovascular
  - Depression
- Strong association between chronic condition progression and
  - Low possession rates of medication used to treat these conditions: Compliance/Adherence
  - 2. Low utilization of preventive/screening services: Early Diagnosis

Value-Based Health Benefits Ø 17

## 







Rule 7: Total Value ( Commands Total)  Key Messages  Rule 7: Total Value ( Demands Total)  Teamwork				
Most tools now give you a fine view - through your				•
rear window				· -
Identify key medical conditions using data				
3) Data is valuable even if you have little of it			•	
4) Benefit designs do drive consumer behavior				
<ol> <li>Redefine wellness/prevention to include care for chronic conditions and employee engagement</li> </ol>	••••			
Prescription drugs, routine office visits, and screenings     have value in managing chronic care			<u> </u>	et e e e e e e e e e e e e e e e e e e
7) Benefits planning can create a strategic advantage				
Benefits decision makers can make a difference				•
Value-Başed Heafin Benefits © 22		<u> </u>		
Questions				
Comments III and to add			÷ .	
Comments/Feedback				
<ul> <li>Email questions to <u>David.hom@pb.com</u></li> </ul>				
	-			•
•				
· ·				